

**Consideration for the negotiation of a Ground Lease for a marina and boat rental operation at the Cutright SRA, Monroe Lake, Monroe County, IN with Pleasure Craft Marina**

There has been a boat rental and small marina operation at this site for the past 20 years with Mr. L.D. Honeycutt. The lease was for a 10 year initial period, with 2- 5 year options. The lease is now nearing its end and the Department sent out a Prospectus as allowed by the provisions of IC 14-18-2. (A copy of the Prospectus is attached).

The proposals by interested parties were due on July 10, 2009. Only one proposal was received and it was from Mr. L.D. Honeycutt under the name of Pleasure Craft Marina. (A copy of the proposal is also attached). The Prospectus process is to determine interest and solicit proposals from interested private parties for the development. This process acts as a selection process for the Department to select a developer and then negotiate a final lease. The lease may or may not reflect all of the items proposed, all items are negotiable in the final product. This lease will start out fairly similar to the last lease with the same land base and water based area. It will have language that will allow for expansion of services and boundaries, after receiving approval from the department and the U. S. Army Corps of Engineers. At this time, the Division of State Parks and Reservoirs is asking approval to start the negotiation process to develop a ground lease.

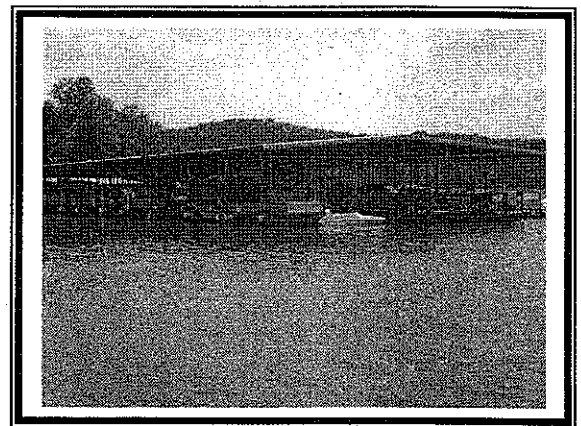
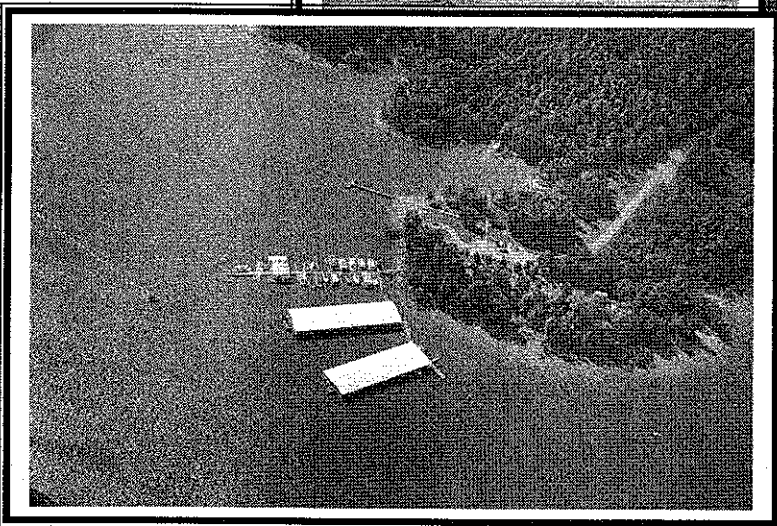
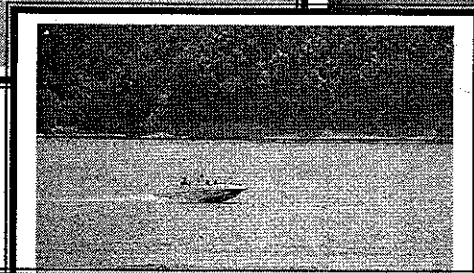
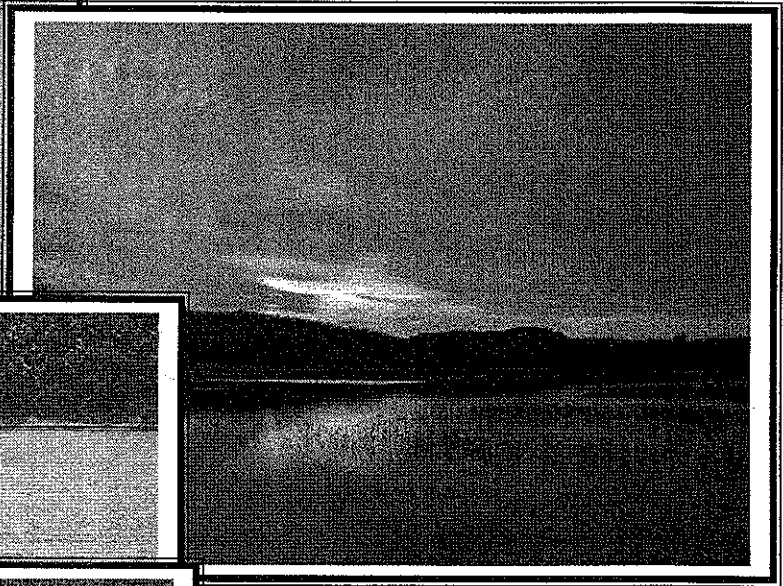
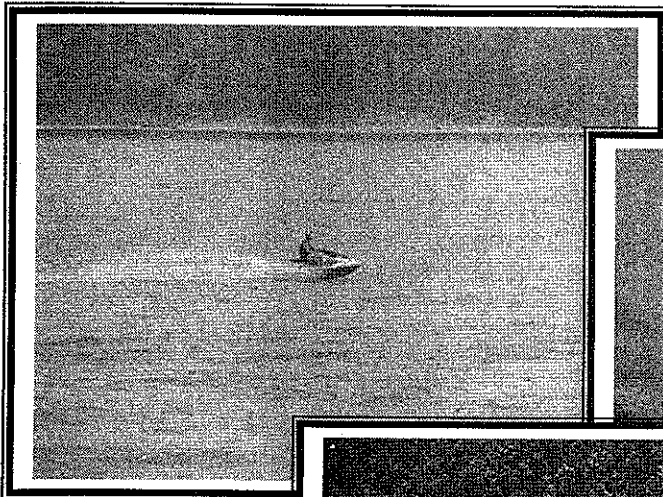
Indiana Department of Natural Resources  
Indiana State Parks and Reservoirs

Prospectus

A Business Opportunity

For the Development and Operation of a

**Marina and Boat Rental Facility on Lake Monroe  
Bloomington, IN  
Monroe County**



## **Statement of Purpose**

The information contained in the Prospectus is published as an aid to those who have an interest in entering into an agreement with the Department of Natural Resources, of the State of Indiana (**IDNR**), for the development, operation, and maintenance of the boat rental and marina located at the Cutright SRA at Lake Monroe. Potential developer/operators (**Operators**) are expected to be responsive to the requirements put forth in this document and will be allowed the opportunity to propose limited additional developments and services. The IDNR is open to other possibilities proposed by the operator; however additional items in proposals submitted may or may not be considered in the lease negotiations.

## **Statement of Responsibility**

The IDNR accepts no responsibility for the accuracy of the statistical information provided herein. The provisions of any agreement pertaining to those lands must be in accord with the provisions of IC 14-18-2.

## **Independent Assessment**

Operators are responsible for undertaking appropriate due diligence with respect to this business opportunity. The operator is also responsible for any costs incurred in the research and development of the proposal.

## **The Mission of Indiana State Parks and Reservoirs is:**

To manage and interpret our properties' unique natural, wildlife and cultural resources using the principles of multiple use and preservation, while sustaining the integrity of those resources for current and future generations.

## **The Vision of the Division is:**

Excellence in stewardship, recreational diversity, interpretation, service and growth resulting in unique places that people respectfully use, enjoy and cherish.

## **Authorization**

The IDNR proposes to enter into a contract described herein under the provisions of IC 14-18-2.

River. The lake area lies in Monroe County with a smaller area in Brown and Jackson Counties. Monroe Lake is accessible from State Roads 37, 46, 446 and 50 by way of many local roads. As the largest body of water in Indiana it provides a wide range of multiple-use recreational and scenic opportunities.

Monroe is nestled into the rolling hills and woodlands of south central Indiana. A number of other state and federal recreational areas surround the property including Morgan Monroe, Yellowwood and Jackson-Washington state forests. In addition, the Hoosier National Forest, including Deam Wilderness Area, surrounds a large part of the area. Just minutes away are Brown County and McCormick's Creek state parks, which attract



thousands of visitors each year during the fall foliage season. Take a step back in time and visit the unique town of Nashville, known for its fine artists and craftsmen, or drive into Bloomington and experience the Indiana University campus firsthand. Limestone quarries, abundant in the area south of Monroe provide building stone worldwide and offer a most interesting tourist attraction. The entire area with its rolling topography, bluffs, scenic streams, and heavily wooded sections offer outstanding scenic vistas as well as numerous recreational opportunities.

### **Purpose and Project History**

Monroe Lake is operated primarily for flood control and low flow augmentation in the Salt Creek and White River watersheds. The project also forms an integral unit of the comprehensive flood control plan for the Ohio and Mississippi Rivers. The lake is maintained at or near permanent pool level except when flood waters are stored for flood control. In addition, the main functions of the property include resource management, recreation, and water supply to surrounding communities. The lake area was developed in accordance with a long range program and provides for a beneficial use of reservoir lands, fish and wildlife resources, and an opportunity for outdoor activities associated with large bodies of water.

The average annual estimated visitation for Monroe Lake is approximately 1,264,267. During the years of 2005 through 2008 the visitor count ranged from a low of 880,000 to a high of 1,747,227; however, the Department does not guarantee any specific number of visitors. Visitation is directly related to lake levels and weather.

The IDNR reserves the right to amend this offer prior to the date of submission of proposals. Any amendments will be sent to all known interested parties. Prior to the submission date, a proposer may withdraw a submitted proposal by submitting a written request to the IDNR. The same person(s) who signed their original proposal must sign all such requests.

The proposed site for this development would be the same location as present. This is located in the Cutright SRA and is at the east end of the Cutright SRA road. The north parking lot is included in the area, but the southern lot which accesses the shelter house and fishing pier are not included in the current offer.



The docks are currently to the northeast of the parking lot. The location of the docks may be relocated or rearranged with the approval of the Department. The proposal shall discuss in detail where the docks are to be located.

If the operator feels that the site is not acceptable, the developer shall provide the DNR with a new proposed site. The operator shall document the reasons as to which new site is proposed and why the DNR should consider this site. Keep in mind, that the DNR currently desires for the development to be located within the Cutright SRA, and that persuasive arguments will need to be made to have the DNR consider an alternate site.

### **On site meeting**

There will be an on site meeting for all potential operators on April 21, 2009 at 10:00 AM local time at the Property Office at the Paynetown SRA. Although this meeting is not mandatory, it is **highly suggested** that anyone planning on

1. Prescribe the manner and amount of payment of rent.
2. Will provide standards of performance.
3. Have a non-discrimination provision.
4. Provide that the rates and fees charged for goods and services will be in accord with those charged at similar private developments in the area.
5. Provide for the disposition of the leasehold and improvements at the termination of the lease.
6. Include adequate security to assure construction and operation of the facilities.
7. Require that plans and specifications for all structures, improvements and activities proposed be reviewed and approved by the IDNR.
8. If appropriate, allow the submission of the lease to the lien of any bank or similar lending institution for the improvements placed upon the IDNR's interest in the leased premises.
9. Require that the operator be responsible for all taxes, including property taxes on the improvements, unless the authority, which imposes such tax, abates any such taxes.
10. Require that the operator place a sign within the facility, and provide verbiage in all brochures, forms, and any other printed or electronic materials related to the operation, containing a statement that this facility is privately operated under a lease with the IDNR.
11. Require that the operator take part in ethics training provided by the Indiana Ethics Commission.
12. Contain a non-collusion affidavit.
13. Provide that the laws of the State of Indiana cover the lease.
14. Contain other clauses as determined as in the best interest of the State of Indiana.

### **Minimum Expected Services**

The operator shall design, develop, build, manage and maintain the facilities accommodating all activities that are customary and usual to such operations within a state reservoir property. The operator shall have the exclusive right to manage and maintain all of the facilities under the terms of the lease including the renting of slips, rental of boats, sale of gasoline, sale of boat parts and accessories, boat repair service, boat storage, and sale of other products as approved by the Department within the leased area.

The Developer shall update existing marina facilities or construct new that are compliant all applicable laws.

Provide and maintain a full service marina with a variety of boating, recreational goods and services.

### **Pump out Service**

The operator shall off pump out services as part of this offer. All equipment shall conform to all regulations as set forth by the State Department of Health, Division of weights and measures, and all regulations set forth by the Indiana Department of Environmental Management (IDEM) and the Environmental Protection Agency (EPA) as well as any other rules, regulations, and laws governing such services.

### **Design and Development Guidelines**

**This section is designed to inform the operator of the minimum number of facilities and minimum requirements of design and construction. All proposals will be evaluated upon these guidelines.**

#### **Minimum Design and Development Criteria**

- All designs shall conform to the requirements of the Americans with Disabilities Act.
- All Federal, State, and Local building codes shall be observed.
- Designs shall be sympathetic to the character of the Park or Reservoir property and other buildings located on the property.

The operator will incorporate barrier-free design into all facilities and ensure continuity between outdoor and indoor facilities with respect to accessibility for disabled users. Minimum guidelines for accessible design can be obtained from the United States Architectural and Transportation Barriers Compliance Board, 330 C Street, S.W., Room 1010, Washington D.C. 20202. In addition, IDNR has a publication entitled "Access to Recreation, Design Criteria for Eliminating Architectural Barriers", which should be consulted during the design process.

The operator shall comply and bear any costs associated with all requirements as set forth by the Division of Historic Preservation and Archeology in regard to investigation of sensitive sites.

### **General Development Guidelines**

#### **Utilities**

The operator will be responsible for road development from the main park road, as well as any required improvements to the main park road as needed for this offer. The operator will also be responsible for bringing utility service to the site. In general, IDNR will require all utilities to be placed underground, including telephone and electric service. Installation of utilities must be done in accordance with all State, Federal, and local codes.

equal to the lesser of (1) the amount of \$1,000,000 or (2) 100 percent of the full replacement cost of the facilities; provided, however, such insurance may contain a reasonable loss deductible clause.

The operator shall at all times maintain, or cause to be maintained, general liability insurance in the amount of \$1,000,000.

The operator shall at all times maintain or cause to be maintained business interruption loss insurance to insure against loss of projected annual rental income payable pursuant to the Agreement, or any other leases of the facilities or any portions thereof, for such time (being at least for a period of twelve months) as use of the Projects or any portions thereof is interrupted by damage or destruction from perils insured against under a standard extended coverage endorsement in an amount equal to the fair rental value of such portions, all as are reasonably necessary to meet its obligations under the Agreement.

The operator shall maintain, or cause to be maintained, any additional or other insurance, which it shall deem necessary or advisable to protect its interests and those of the IDNR.

The operator shall maintain statutory Worker's Compensation and Employer's Liability insurance.

The operator shall maintain, or cause to be maintained, full coverage automobile liability insurance.

The operator shall maintain, or cause to be maintained, boiler and machinery coverage.

Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and able to do business in the State of Indiana, or with an insurance group or state insurance pool acceptable to the IDNR. The IDNR and the State of Indiana shall be named as additional insured on all policies. Such insurance policies shall provide that they may not be canceled and may not expire without 30 days prior written notice to the IDNR.

The operator shall furnish to the IDNR a copy of each certificate of insurance or renewal notice thereof, evidencing the coverage of the types required to be maintained by the operator pursuant to the agreement, upon the issuance or renewal of such insurance or performance bond.



### **Right of Entry**

The IDNR reserves the right at any time to enter upon or into the facilities under lease with the operator for any purpose.

### **Information to Be Submitted By Developers/Operators**

All proposals and other information as required shall be placed in a sealed envelope or package clearly marked as follows:

#### **Proposal**

**Cutright SRA Marina**

**Lake Monroe, Monroe County, Bloomington, IN**

**Not to be opened until 1:00 P.M. E.D.T., July 10, 2009**

Each envelope shall be marked with the name, address, and telephone number of the operator. All proposals must be delivered to Director, Department of Natural Resources, 402 W. Washington Street, Room W256, Indianapolis, IN 46204, no later than 1:00 P.M. E.D.T, July 10, 2009. It is suggested that mailed proposals be sent by certified or registered mail, return receipt requested. Late proposals will not be accepted. It is the operator's responsibility to ensure that the proposal arrives on time.

Furthermore, IDNR reserves the right at its sole discretion to negotiate with any operator about its proposal. Therefore, lease documents will reflect final negotiations with the operator, and may or may not reflect proposal information specifically as submitted.

IDNR reserves the right to reject any and all proposals, and to waive any technical defects in the applicant's proposal package.

### **Confidential Information**

Potential operators are advised that materials contained in proposals are subject to the Indiana Public Records Act, IC 5-14-3-1 et. Seq., and after the contract award, may be viewed and/or copied by any member of the public, including new agencies and competitors. Potential operators claiming a statutory exception to the Indiana Public Records Act, must place all confidential documents in a sealed envelope, clearly marked as "Confidential" and must

- a. A letter signed by a principal of the operator warranting that the facts set forth are true to the best of his/her information, knowledge, and belief.

## **2. Information Regarding the Developer/Operator's Intentions:**

- a. Provide a detailed statement of the operator's willingness to:
  - 1) Develop a marina and related facilities under the conditions contained in this prospectus
  - 2) Cooperate in IDNR's architectural review process throughout the entire development program, as specified in this prospectus as well as other approvals which may be required by the Corps of Engineers, IDEM, Historic Preservation and Archeology.
- b. Provide detailed description of the facilities, services and products the operator proposes to develop. Provide detailed information on the scope of services, how they will be provided, and what charges are projected for each service. This should be presented in a manner that the IDNR can fully understand the size and scope of the facilities, services and products the operator wishes to include.
- c. Provide a description of the architectural style, size of the facility, including buildings materials, layout, and general design scheme. The IDNR wishes to understand the size and feeling of the development and how this relates to the rest of the property. Scaled drawings and renderings, plans and elevations of any buildings or site plans may be submitted, but are not required under this prospectus.
- d. This particular location is prone to seasonal high wind and adverse ice conditions. In particular, there may be storms at any time of the year which may cause for sudden high wind conditions. In winter, areas of the lake may freeze. When the ice starts to thaw and break up, it may drift into the dock structures. The developer shall indicate and describe what design features or other methods they will incorporate into the facility to minimize damage.

explanation of assumptions used in deriving the revenue for the facility. Use the pro-forma form provided in the attachment section.

- i. Since there is currently a concessionaire in place, the developer shall provide a detailed transition plan indicating how a smooth transition will take place so that there is a seamless transition for the state and the customers.
- j. Provide a plan for and commitment to creating added value and benefits to the surrounding community and property visitors. This plan may include special events, educational programs, and community services activities that draw attention to and help interpret the property resources and safety concerns. In addition, you should identify special skills, knowledge, and resources needed and available to implement the plan.
- k. A detailed statement of the amount the operator is prepared to spend on the proposed development, to include:
  - 1. Amount and source of equity capital.
  - 2. Amount and source of other financing.
  - 3. If mortgage or other financing is to be obtained from a source, or sources, other than the operator, the proposal must contain a description of the source and an explanation of the operator's ability to obtain the necessary funds.
- l. A letter of authorization allowing IDNR to investigate, if necessary, the operator's and/or investor's financial ability to develop and operate the proposed facilities.

### **3. Information about the Development Team:**

- a. The operator's firm name, address, telephone number, and representative authorized to deal with the IDNR.
- b. A description of the operator's proposed form of organization. Greater consideration will be given to proposals submitted by Indiana based operators or operators that have a partnership with Indiana firms. However, this does not preclude out of state operators from submitting a proposal, or being selected as the best proposal. The IDNR through the evaluation process will select the

- g. A detailed statement describing any technical and/or managerial staff available to the operator in carrying out the proposed development.
- h. Positive references from owners/clients having specific knowledge of the operator's development and management abilities.

**Quality of Workforce/Training-- The IDNR is very interested in ensuring that quality service is offered to all visitors and recognizes that the value of the workforce and the caliber of employees affect the visitor experience. Recruiting, training and maintaining a quality workforce are a significant concern. Identify the efforts that will be undertaken to recruit, train, and maintain a quality workforce of year-round and seasonal employees.**

- i. Describe in detail any customer service training the organization's employees receive relative to the jobs they perform.
- j. Describe what type of background checks will be performed on potential employees.
- k. Describe any industry certifications that your staff has or will have at the execution of the lease.
- l. Provide the names and the experience of any architect or architectural/engineering firm, or firms, which may be retained by the operator for the preparation of construction plans and specifications, including:
  - i. Name and experience of the member of the firm who will execute the design of the inn and other related facilities.
  - ii. Photographs, brochures, and/or published material illustrating designs previously executed by the firm.
- m. A statement of any relationships between the operator and any parent companies or subsidiaries that might also take part in the development.

been submitted for a complete evaluation. The IDNR does reserve the right to request clarification of information submitted and re request additional information from any proposer.

### **Oral Presentation**

Selected operators may be requested to make oral presentations of their proposal to the evaluation committee and will be contacted directly to arrange for a specific time for the presentation. Each presentation will be limited to one hour, with up to one additional hour for the evaluation committee to ask questions of the operator. **It is highly recommended that the principal personnel from each operator's organization who will have ongoing involvement in the management of the facility actually make the oral presentation and provide responses to the evaluation committee**

Proposals will be evaluated in respect to how each responds to the criteria listed in the offer. Various disciplines will be engaged to assist, as necessary, in the determination of the financial strength and ability of the operator, internal consistency or inconsistency of financial projections, and reasonableness of the projections, experience and expertise, compensation to the IDNR, and other factors listed above. Once the evaluation committee has reviewed all proposals and completed the oral presentation process, the IDNR will submit the best proposal for submission to the Natural Resources Commission for its approval.

After an operator is chosen, a detailed contract will be negotiated to cover all aspects of the project. It should be noted that the choosing of the operator does not constitute acceptance of the proposal. The process determines the operator with who the IDNR can negotiate actual terms.

The IDNR reserves the right to submit to the commission the next most qualified operator if the successful operator does not reach agreement with IDNR on a lease within 60 days of the award of the proposal.

at one (1) time during normal dining hours.

(b) A lease and contract authorized by this chapter must include in its terms the following provisions and conditions:

(1) The legal description of the leasehold. A survey for the description is not required.

(2) The term of the lease. The term may not exceed forty (40) years with two (2) additional options to renew of thirty (30) years each.

(3) Provision for the submission of complete plans and specifications to the department for review and written approval before beginning any construction.

(4) The manner of payment of rental.

(5) The facilities provided will be available to the public without discrimination and at charges designed to make the facilities available to a maximum number of the citizens of Indiana.

(6) That the rates and fees charged for goods and services on the leased area will be in accord with those charged at similar developments in the area.

(7) The disposition of the leasehold and improvements at the termination of the lease.

(8) If the lease and contract concerns state owned land under the management and control of the department, including state parks, a prohibition on the sale or public display of alcoholic beverages on the premises.

(9) If the lease and contract concerns federally owned land under the control and management of the department, the lease and contract may permit the retail sale of alcoholic beverages on the premises of an inn:

(A) for consumption on the licensed premises; and

(B) if the lessee or concessionaire applies for and secures the necessary permits required by IC 7.1.

(c) A lease and contract may prescribe other terms and conditions that the department considers necessary and advisable to carry out the intent and purposes of this chapter.

*As added by P.L.1-1995, SEC.11.*

#### **IC 14-18-2-4**

##### **Statement of intent**

Sec. 4. (a) This section does not apply to leases to units of local government.

(b) The department shall draft a statement of intent and shall publicize the statement through appropriate media. The statement must do the following:

(1) Describe the facilities that the department desires to provide.

(2) Set up a procedure for the submission of proposals for providing the facilities.

(c) The publication must consist of at least three (3) legal advertisements appearing at ten (10) day intervals during a thirty (30) day period in five (5) daily newspapers of wide and general circulation in Indiana.

*As added by P.L.1-1995, SEC.11.*

## **Attachment #2**

### **NATURAL RESOURCES COMMISSION**

#### **Information Bulletin #20**

**This information bulletin supersedes Information Bulletin #20 printed at 26 IR 3439.**

#### **(First Amendment)**

### **Ratemaking Process for Resorts and Marinas under Lease with the Department of Natural Resources**

#### **1. Purpose**

The purpose of this information bulletin is to implement an informal process for the administrative review of ratemaking recommendations for resorts and marinas under lease with the department of natural resources. The process was established by the natural resources commission during a meeting held March 24, 1998 and made applicable to rate increases to become effective in 1999 and in subsequent years. The process was published in the Indiana Register on May 1, 1998 at page 3209 as Information Bulletin #20. Amendments were made to the information bulletin during the commission meeting held on May 20, 2003, and amendments were made effective July 1, 2003. The timeframes established by the information bulletin are essential to its effective implementation.

#### **2. Rate Increase Requests**

A lessee shall submit its request for a guestroom, slip, or houseboat (if applicable) fee increase to the department of natural resources, division of state parks and reservoirs (the "department") in accordance with the existing lease agreement for the following year by April 1 of the preceding year. The lessee shall include justification for the increase request along with comparable rates from other marinas.

#### **3. Processing Rate Increase Requests and Comments**

(A) Upon receiving a request, the department will inform the division of hearings of the natural resources commission (the "hearings division"). The hearings division will assign a cause number and, in consultation with the department, select the date and time for a rate hearing to be held in Marion County. The department will advise the lessee of the date, time, and location of the rate hearing, at which time the lessee and affected persons will have the opportunity to provide comments to a hearing officer for the commission. This hearing will be held in early June or July of each year.

(B) By May 30, the lessee shall notify by must provide written notice, by personal delivery or U.S. first class mail, to each slip renter or buoy renter that the lessee is requesting a rate increase. The lessee shall include the time, date, and location of the rate hearing. This notice shall include the proposed new rates. The notice shall also advise the renter of the opportunity to provide comments to

recommend approval of the rate increase, disapproval of the rate increase, or approval of a rate increase in an amount less than requested by the lessee. Recommendation for favorable consideration of a rate increase shall not be withheld unless, in the opinion of the commission, fees submitted exceed the fair market rates charged by operators of other similar privately-owned resort developments comparable to the project in the area.

#### **5. Recommendation by Commission and Final Action by Army Corps**

The commission's secretary shall memorialize the commission's recommendations in writing. Within seven (7) days after the commission meeting, the department shall forward the recommendation to the District Engineer of the U.S. Army Corps of Engineers for final action. No rate increase is effective until the lessee receives a letter of approval noting both the recommendation by the commission and the approval of a rate increase by the U.S. Army Corps of Engineers.

#### **6. Interim Rate Adjustments or Clarifications**

The commission delegates authority to the director of the division of state parks and reservoirs to approve interim rate adjustments for projects or slips not addressed in this process due to new construction or modification of existing facilities. The rates apply only until the next rate request cycle, however, when a lessee must present a petition for rate approval as provided in this information bulletin.

#### **7. Index of Commission Findings and Recommendations**

The hearings division is directed to index, and place on the commission's website, findings and recommendations made under this information bulletin after August 1, 2003. To promote equity and consistency, the department and the commission may consider these indexed findings and recommendations as precedents.



**Pleasure Craft Marina**

**5505 South State Road 446  
Bloomington, IN 47401**

**Phone (812) 837-9394**

**June 15, 2009**

**Director,  
Indiana State Parks and Reservoirs  
402 W. Washington Street  
Indianapolis, IN 46204**

**Dear Sir:**

**I have reviewed the information set forth in this proposal and do hereby warrant that the facts set forth in this proposal to be true to the best of my information, knowledge, and belief.**

**L. D. Honeycutt,  
President, Pleasure Craft Marina, Inc.**

**L. D. Honeycutt**



**Pleasure Craft Marina**

5505 South State Road 446  
Bloomington, IN 47401

Phone (812) 837-9394

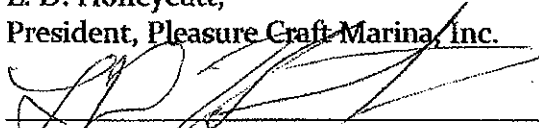
June 15, 2009

Director,  
Indiana State Parks and Reservoirs  
402 W. Washington Street  
Indianapolis, IN 46204

Dear Sir:

I hereby authorize the IDNR the right to investigate, if necessary, our ability to develop and operate the proposed facilities.

L. D. Honeycutt,  
President, Pleasure Craft Marina, Inc.

  
L. D. Honeycutt

**This offer is contingent upon the acceptable site provision of this prospectus**

Without changes to the current site configuration, none of the items in this proposal should be considered.

This site may or perhaps should be considered a **NEW PROPOSED SITE** located in the **Cutright SRA**.

We ask for a **MODIFICATION** of the **EXISTING SITE**.

Persuasive arguments have already been set forth in the prospectus concerning the natural elements of wind and ice.

We will address and try to overcome these natural barriers in this offer.

Other land use issues we will address concern the treatment of sewage from new facilities and the roadway flooding that restricts access to the facility.

Both land and water use areas will need to be reconfigured to accomplish the goals of IDNR and Pleasure Craft Marina, Inc.

We are asking the lease to include an area starting at the high water ramp road and going east to take in all of the peninsula up to the 556 ft elevation. To make the water area extend **West** of the marina bridge, One Thousand Two Hundred Fifty feet (1,250ft.) ; **North** of the marina bridge, One Thousand feet(1,000ft.) ; **East** of the marina bridge, Two Thousand feet (2,000ft.); **South** until it intersects with the land; Then **West along the high water line** until it connects to complete a rectangle. (see attached drawing)

As the offer unfolds it will give you a clear picture of the scope and anticipated cost associated to this rearrangement and expansion of the facility.

We ask for a **MODIFICATION** to the **TERM OF THE LEASE**.

We understand that **GENERALLY**, the lease would be (10- 5-5).

We are requesting this be changed to:

**The term of the lease shall be 40 years, with two 30-year options to renew.  
(40-30-30)**

This would allow adequate time to recover the anticipated costs needed to update and develop this facility plus allow for any future expansion approved by the IDNR.

**Pump Out Services:**

Pump out services will be available for any boat requesting them.

**Houseboat Rental Slips (non-covered):**

**Dock "B"** will contain One (1) 12'X 28' Slip, Eleven (11) 17'X 40' Slips, and Six (6) 12' X 24' Slips for a total of Eighteen (18) Slips

(see proposed dock layout)

(note) This dock will be constructed with new style **underwater box trusses**.

This dock will provide electricity and water.

Slips may be rented daily, monthly or annually.

**Covered Rental Slips:**

**Dock "C"** will contain Fifty (50) 12'X 28' Slips.

This dock will provide electricity and water

**Dock "D"** will contain Twelve (12) 18'X 48' Slips, Eight (8) 16'X 40' Slips, Thirty-Two (32) 14'X 32' Slips for a total of Fifty-Two (52) Slips.

(see proposed dock layout)

This dock will provide electricity and water.

Covered slips are rented annually.

**Buoy Field:**

This area needs an affordable Buoy field.

The Buoy field should consist of one-hundred (100) Mooring Buoys with expansion available up to three-hundred (300) Mooring Buoys.

The Buoy field will service boats with a maximum width of eight (8) feet, a maximum length of thirty (30) feet, and a maximum gross weight of five-thousand (5,000) pounds.

A shuttle boat will be available from 8 a.m. through 6 p.m. Seasonally.

Buoys are rented annually

**Rental-Fleet Docks:**

Movable Docking will be constructed for the Rental Boat Fleet.

These docks will be relocated in winter to prevent ice and wind damage.

Currently we are maintaining slips for Two (2) 40-Passenger Megatoons, Eight (8) 20-Passenger Partytoons, Two (2) 8-Passenger Partytoons, and Two (2) 3-Passenger Fishing boats.

(no drawings are included for the movable docks)

**Construction Sequence:****Phase One:**

- Relocate Store Building and Fuel Dock. (Dock "A")
- Build Movable Rental Fleet Slips.
- Build Walkway.
- Construct Dock "B".
- Construct Dock "C".
- Construct Dock "D".
- Construct Courtesy Slips.
- Improve Store.
- Install Electrical and Mechanical Equipment.

**Phase Two:**

- Build Sanitation Facilities.
- Build Mound System
- Raise Road
- Build Parking Lot.

**Time Frame for Construction:**

The work on **Phase One** will begin **immediately**, as soon as we have assurances from IDNR that we can proceed.

Work on **Phase Two** will begin after the completion of Phase One and the issuances of all necessary Engineering and obtaining necessary permits and approval of IDNR & IDEM& INDOT and U S Army Corp of Engineers.

## FEE STRUCTURE FOR FACILITIES & SERVICES

### Slip Rental Fees:

Dock "B" Houseboat Transient Slips:				Annual Rate	Total Amount
Eleven (11)	17' X 40' Slips	@		\$2,500.00	\$ 27,500.00
One (1)	12' X 28' Slip	@		\$1,200.00	\$ 1,200.00
Six (6)	12' X 24' Slips	@		\$1,200.00	\$ 7,200.00

### Dock "C" Covered Slips:

Fifty (50)	12' X 28' Slips	@		\$2,625.00	\$ 131,250.00
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### Dock "D" Covered Slips:

Twelve (12)	18' X 48' Slips	@		\$4,900.00	\$ 58,800.00
Eight (8)	16' X 40' Slips	@		\$4,600.00	\$ 36,800.00
Thirty-two (32)	14' X 32' Slips	@		\$2,975.00	\$ 95,200.00
Slip Total					<u>\$ 357,950.00</u>

### Buoy Field:

100 Mooring Buoys	@		\$900.00	\$ 90,000.00
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### Boat Rental Fees:

<u>Boat Type</u>		<u>Week end Daily rate</u>	<u>Week day Daily rate</u>
Two (2) Megatoons	@	\$475.00	\$425.00
Eight (8) Partytoons	@	\$225.00	\$150.00
Two (2) Partytoons	@	\$150.00	\$115.00
Two (2) Fishing boats	@	\$ 50.00	\$ 50.00

Historical Boat Rental Income	2004 through 2008 average	\$97,329.00
Historical Fuel Sales	2004 through 2008 average	\$34,559.00
Other Sales	2004 through 2008 average	<u>\$30,155.00</u>

**Total Estimated Gross Receipts**

**\$ 609,993.00**

**Added Value and Benefits To The Surrounding Community and Property Visitors:**

Special events (To be developed)  
Educational programs (To be developed)  
Community service activities (lake cleanup for area scouts)  
Special skills, knowledge & resources needed and available.

**Detailed Statement of the Proposed Development Expenditures:**

1. Amount and source of equity capital.
2. Amount and source of other financing.
3. Source of financing and ability to obtain funds.

Commitment letter attached.

**Profiles:**

**Ronald L. Langley, EA, PA, Ret.**

Indiana licensed Public Accountant # 1433 issued December 31<sup>st</sup> 1970.

Permit to practice through sale of private practice and retirement July 1, 2001.

Current status, Retired / Inactive.

Past President of South Central Chapter of Indiana Society of Public Accountants.

Past State Vice President of Indiana Society of Public Accountants.

Past Member of National Society of Public Accountants.

Enrolled to practice before the Internal Revenue Service.

**Community service:**

Business Manager for Friendship ABY Camp providing camp for 21 churches.

Appointed to Monroe County Airport Board by County Commissioners, prior to and during the initial phase of the new runway extension while Tom Boone was airport manager.

Past President of Bloomington Optimist Club.

Charter Member and Past President of the Morning Bloomington Optimist Club.

Member of Zion's Hill Baptist Church.

Honorable discharge from US Army.

Married to Marilyn who makes it all work out right.

Most memorable experience was taking an old 1974 reconditioned DNR 18' Mon Arc Belle from Petersburg Indiana, down the White river, Ohio river, Ten-Tom, Mobile Bay, and Intercoastal waterways to Carrabelle Florida in late November 1997.

My team position is consultant to management.



Technical assistance:

Floating Docks Mfg. Co.  
3010 W. Morris St  
Indianapolis, IN 46241

FDM has prepared the proposed dock layout plan and is providing technical assistance with this project.

**POSITIVE REFERENCES FROM CLIENTS**  
(see attached)

**QUALITY OF WORKFORCE / TRAINING**

Pleasure Craft, Inc. shares the views expressed in the prospectus concerning quality of workforce/training.

With the opportunities available because of the expansion of this facility we anticipate the ability to provide both seasonal and year-round employees.

The uniqueness of the water based work environment creates challenges that do not dovetail with typical training situations. Along with courteous and friendly attention to customers, we sometimes must use mature and serious although courteous direction for their safety and well-being.

All employees will undergo extensive on-site training in boat handling, servicing and maintaining rental fleet, retail operations and reservation techniques.

Background checks will be obtained through <http://mycase.in.gov>

The only certification needed in this operation is the SERV SAFE CERTIFICATION available Oct-Nov each year for food handling.

**REPAYMENT:** See Credit Facilities above.

**RATE OF INTEREST:** Prime plus 1.0% floor of 6.75%

**MATURITY DATE:** Maximum maturity depends on the term of the lease

General Terms and Conditions:

**FEES:**

Legal Fees to include but not limited legal opinion and review of DNR Lease. Preparation of Loan Documentation to insure a valid security encumbrance in the lease and ALL leaseholder improvements.

Closing Fee's \$500.00

Commitment Fee \$3,000

**SECURITY:**

Security Interests in the following:

- DNR Lease
- Leaseholder Improvements
- Personal Guaranty of L.D. Honeycutt
- Assignment of Life Insurance - \$100,000.00
- 1<sup>st</sup> Mortgage on Madison Farm

**GUARANTEE:**

L.D. Honeycutt

**FINANCIAL  
REPORTING:**

The Borrower will furnish, or will cause to be furnished, to the Lender:

- i. Annual Financial Statement – Personal and Business
- ii. Annual Income Statement
- iii. Tax Returns – Personal and Business

**REPRESENTATIONS  
AND WARRANTIES:**


*Example:* Including without limitation: representations and warranties as to organization; good standing and qualification; authorization of borrowing; compliance with law; environmental matters; financial condition; title to properties; no liens; no material

Please indicate your acceptance of the proposal by signing below.

*Incentive:*

Accepted by:

**Pleasure Craft, Inc**

 6-27-09  
By: \_\_\_\_\_ Date: \_\_\_\_\_  
Its: \_\_\_\_\_

## **CONFIDENTIALITY**

This proposal is delivered with the understanding that neither it nor its substance will be disclosed by BORROWER its affiliates or related parties to any third party except those persons who have a confidential relationship with BORROWER in relation to this transaction or where disclosure is required by law.

Mr. Gary Miller  
Department of Natural Resources  
Bloomington, IN 47401

Subj: Pleasurecraft Marina

Dear Mr. Miller,

We are writing a letter of information and support for L.D. Honeycutt's request for lease extension and dock changes for Pleasurecraft Marina.

We have been here since the second year it opened. There have been many management changes throughout the years, however the main consistency has been the emphasis on a family atmosphere. We have made many lifelong friends while there – this means making friends, enjoying the lake, and even raising our families together. It is a quieter area, doesn't have the social atmosphere and amenities of a large hotel and marina, but has been a safe and fun place for families to interact and boat. This is why we have chosen to stay here rather than move.

Management has had its ups and downs, but we feel that it is moving in the right direction. L.D. has had plans to improve the layout, move the marina which would protect the structure from wind and ice damage, as well as our boats from boaters who do not observe the speed limit in a No Wake Zone. However, without an extension, he is stymied from doing so because of the financial investment needed.

Allegedly this is in place and this year's management is showing great improvement in customer service to existing customers.

We feel that allowing L.D.'s request will allow him to continue the improvements that will benefit not only the current customers, but allow him to provide services to other boaters' on the lake via additional slips as well as additional services via the store and gas facilities.

Thank you for your consideration.

Bruce and Nancy Moreman  
(317)882-2122

Cutright Marina and Boat Rental Pro-Forma Worksheer(s)					
Base proformas on a calendar year basis			Base proformas on a calendar year basis		
Indicate proposed rates in the area provided at the end of the Pro-Forma(s)					
Assumptions used					
We are assuming normal weather patterns without any excessive flooding.					
We have used historical data and our best guess estimates.					
	2010	2011	2012	2013	2014
Revenues:					
Slip rental					
covered slips	184850	248050	301700	312550	312550
open slips	35900	35900	35900	35900	35900
electric charge					
other - bouys	9000	27000	45000	45000	45000
Store					
food sales & related items	28000	30000	35000	40000	40000
boat rental	80000	90000	95000	100000	100000
gasoline / oil	35000	40000	45000	45000	50000
Total Revenues	372750	470950	557600	578450	583450
Cost of Sales:					
store items and gasoline	36987	41097	46968	49904	52839
Gross Profit	335763	429853	510632	528546	530611
Operating Expenses					
Salaries:					
General manager	32000	32000	32000	32000	32000
Harbor Master	30000	30000	30000	30000	30000
Total Salaries	62000	62000	62000	62000	62000
Wages:					
Grounds & maintenance	24000	24000	24000	24000	24000
Other	40000	40000	40000	40000	40000
Total Wages	64000	64000	64000	64000	64000
Other Employee Expenses:					
Insurance - Workers Comp	4500	4500	4500	4500	4500
Unemployment Taxes	2744	2744	2744	2744	2744
FICA & Medicare Taxes	9639	9639	9639	9639	9639
Health Insurance - Employees	1644	1644	1644	1644	1644
Total Other Empl. Expenses	18527	18527	18527	18527	18527
Total Labor Costs	144527	144527	144527	144527	144527
Supplies:					
Shop supplies & small tools	5500	6900	8100	8400	9100
Utilities:					
Electricity	6500	8200	9700	10000	10700
Water	700	900	1100	1150	1250
Telephone & line service	4900	6200	7300	7600	8100
Trash removal	900	1100	1300	1350	1600

PROPOSED SITE

Image IndianaMap From French Falls  
© 2009 Tele Atlas

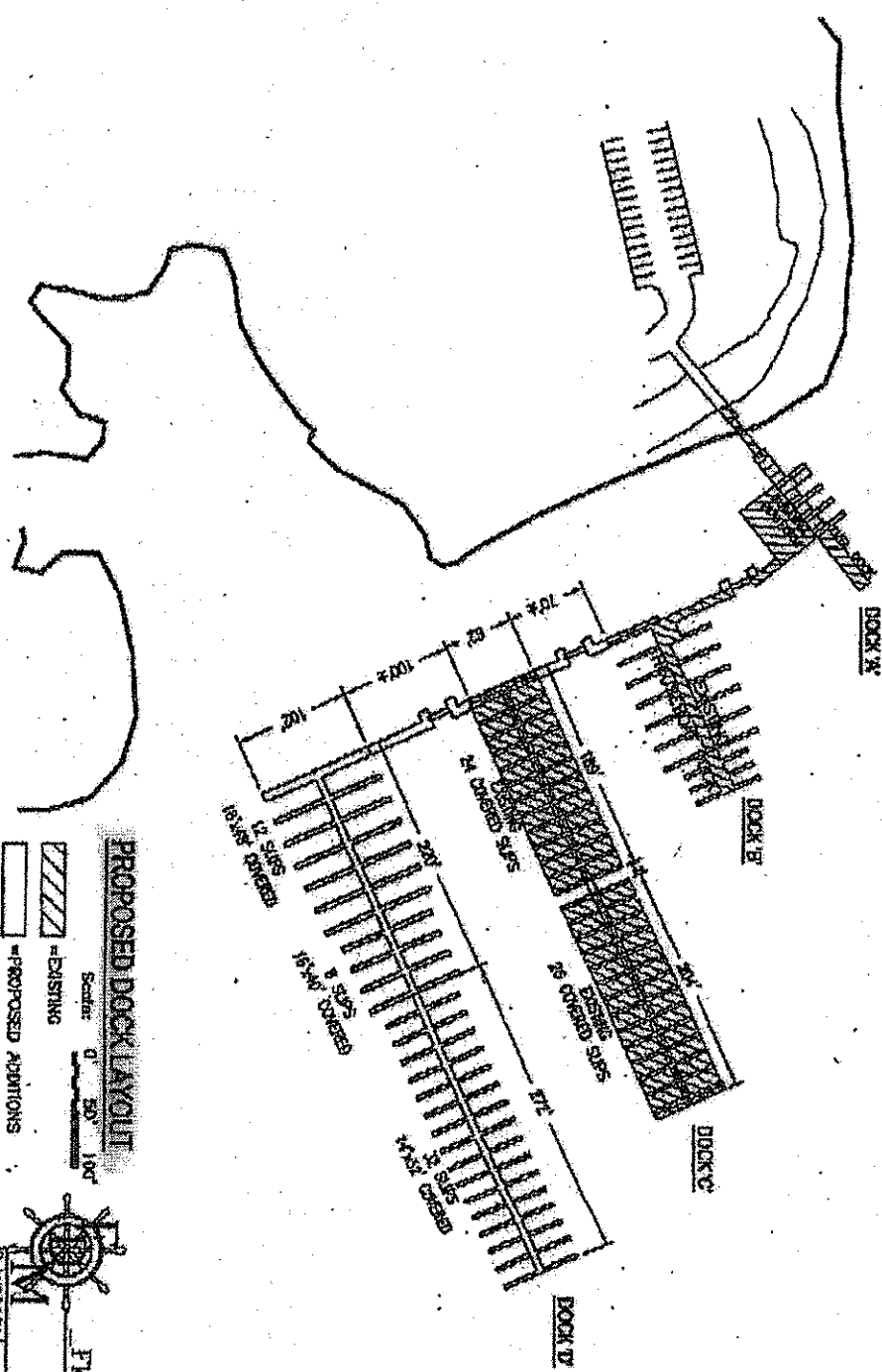
Google

Imagery Date: Mar 2005

39°04'09.26" N 86°24'02.40" W elev 540 ft

Eye alt 3621 ft

PROJECT: 411 CONCRETE TIE-IN, INDIANAPOLIS, INDIANA, 1985-1986. FILED 12-11-85, 600-115, 158



**PROPOSED DOCK LAYOUT**  
 Scale: 0" = 30' 100'  
 [Hatched Box] = EXISTING  
 [White Box] = PROPOSED ADDITIONS

812 837-9980

DESIGNER/OWNER	INDIANAPOLIS, INDIANA
ARCHITECT	INDIANAPOLIS, INDIANA
ENGINEER	INDIANAPOLIS, INDIANA
CONTRACTOR	INDIANAPOLIS, INDIANA
DATE	1985-1986
PROJECT NO.	411
PROJECT NAME	CONCRETE TIE-IN
PROJECT LOCATION	INDIANAPOLIS, INDIANA
PROJECT DESCRIPTION	CONCRETE TIE-IN
PROJECT STATUS	COMPLETED
PROJECT COST	\$100,000
PROJECT BENEFITS	IMPROVED DOCK LAYOUT
PROJECT RISKS	POSSIBLE DELAYS
PROJECT CHALLENGES	POSSIBLE DELAYS
PROJECT SOLUTIONS	POSSIBLE DELAYS
PROJECT OUTCOMES	POSSIBLE DELAYS
PROJECT LESSONS LEARNED	POSSIBLE DELAYS
PROJECT RECOMMENDATIONS	POSSIBLE DELAYS
PROJECT CONCLUSIONS	POSSIBLE DELAYS
PROJECT REFERENCES	POSSIBLE DELAYS
PROJECT APPENDICES	POSSIBLE DELAYS
PROJECT GLOSSARY	POSSIBLE DELAYS
PROJECT INDEX	POSSIBLE DELAYS
PROJECT MAP	POSSIBLE DELAYS
PROJECT PHOTOGRAPHY	POSSIBLE DELAYS
PROJECT VIDEOGRAPHY	POSSIBLE DELAYS
PROJECT AUDIOGRAPHY	POSSIBLE DELAYS
PROJECT DOCUMENTATION	POSSIBLE DELAYS
PROJECT RECORDS	POSSIBLE DELAYS
PROJECT ARCHIVES	POSSIBLE DELAYS
PROJECT LIBRARY	POSSIBLE DELAYS
PROJECT MUSEUM	POSSIBLE DELAYS
PROJECT GALLERY	POSSIBLE DELAYS
PROJECT THEATRE	POSSIBLE DELAYS
PROJECT CINEMA	POSSIBLE DELAYS
PROJECT TELEVISION	POSSIBLE DELAYS
PROJECT RADIO	POSSIBLE DELAYS
PROJECT INTERNET	POSSIBLE DELAYS
PROJECT MOBILE	POSSIBLE DELAYS
PROJECT WIRELESS	POSSIBLE DELAYS
PROJECT SATELLITE	POSSIBLE DELAYS
PROJECT GPS	POSSIBLE DELAYS
PROJECT GIS	POSSIBLE DELAYS
PROJECT CAD	POSSIBLE DELAYS
PROJECT BIM	POSSIBLE DELAYS
PROJECT CPM	POSSIBLE DELAYS
PROJECT PERT	POSSIBLE DELAYS
PROJECT EVM	POSSIBLE DELAYS
PROJECT RUP	POSSIBLE DELAYS
PROJECT PRINCE2	POSSIBLE DELAYS
PROJECT ITIL	POSSIBLE DELAYS
PROJECT COBIT	POSSIBLE DELAYS
PROJECT ISO9000	POSSIBLE DELAYS
PROJECT ISO14000	POSSIBLE DELAYS
PROJECT OHSAS18000	POSSIBLE DELAYS
PROJECT ISO26000	POSSIBLE DELAYS
PROJECT ISO27000	POSSIBLE DELAYS
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PROJECT ISO97000	POSSIBLE DELAYS
PROJECT ISO98000	POSSIBLE DELAYS
PROJECT ISO99000	POSSIBLE DELAYS
PROJECT ISO100000	POSSIBLE DELAYS



Floating Docks Mfg. Co.  
 Indianapolis, IN